

Message Text

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PAGE 01 STATE 111753
ORIGIN NEA-10

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-----161935Z 023437 /45
P 161733Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, BTRV, US, IN

SUBJECT: WESTINGHOUSE GAS TURBINE BID
REF: STATE 109237

1. WESTINGHOUSE REPRESENTATIVES (GILBERT TUPPER, MARKETING MANAGER AND JOE STADELMAN, GENERAL MANAGER, GENERATIONS SYSTEMS DIVISION; E.W. BEEBY VICE PRESIDENT, FAR EAST AND H.W. JONES, VICE PRESIDENT AND DIRECTOR OVERSEAS AFFAIRS) CALLED ON DEPUTY ASSISTANT SECRETARY DUBS ON MAY 13 TO REQUEST USG SUPPORT FOR THEIR GAS TURBINE BID TO GOI-OWNED BHARAT HEAVY ELECTRICALS LTD. (BHEL).

2. WESTINGHOUSE LEARNED ON MAY 13 THAT THEY HAVE BEEN SHORT-LISTED ALONG WITH KRAFTWORK UNION (KWU) OF WEST GERMANY AND BROWN BOVERI CO (BBC) OF SWITZERLAND FOR 82 MILLION DOLS BHEL GAS TURBINE TENDER FOR MAHARASHTRA AND KARNATAKA STATE ELECTRICITY BOARDS. WESTINGHOUSE USA IS COLLABORATING WITH

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BELGIAN WESTINGHOUSE LICENSEE (ACEC-47 PERCENT WESTINGHOUSE-OWNED) IN BID, WITH ABOUT 45 MILLION DOLS WORTH OF EQUIPMENT TO BE SUPPLIED BY WESTINGHOUSE AND 30 MILLION DOLS FROM ACEC.

3. WESTINGHOUSE WANTS TO RESUME ACTIVITY IN INDIA AND PLACES PARTICULAR IMPORTANCE ON THIS -ONTRACT, AS THEY SAY IT WILL BE THE LAST INDIAN POWER CONTRACT TO INCLUDE

TECHNOLOGY TRANSFER, WITH ITS LARGE IMPACT ON FUTURE SALES.

WESTINGHOUSE REPS EXPRESSED HOPE THAT DROBOT TAX EVASION AFFAIR WOULD NOT PUT THEM AT DISADVANTAGE IN COMPETITION AND NOTED THAT WESTINGHOUSE HAS PAID ALL THE BACK TAXES WHICH GOI ASSESSED.

4. WESTINGHOUSE BELIEVES THEY HAVE GOOD CHANCE OF WINNING AFTER FULL BID EVALUATION IS MADE AND ASKED DUBS TO REQUEST EMBASSY TO MAKE HIGH LEVEL REPRESENTATIONS IN SUPPORT OF WESTINGHOUSE BID, SINCE THEY ARE CURRENTLY THE ONLY U.S. BIDDER. DUBS ASSURED THEM THAT WE WOULD INFORM EMBASSY OF SITUATION, ASKING THEM TO INDICATE OUR INTEREST IN SUCCESS OF U.S. BID.

5. BHEL HAS ASKED THE THREE COMPETING FIRMS TO COME TO NEW DELHI MAY 18-20 FOR BID DISCUSSIONS AND EXPECTS TO MAKE FINAL RECOMMENDATIONS TO GOI MAY 29. ACEC REPS WILL BE IN NEW DELHI MAY 18 WITH WESTINGHOUSE USA REPS, INCLUDING TUPPER AND BEEBY, ARRIVING MAY 19 AND 20. TUPPER, WHO SEEING COMMERCIAL MINISTER DIXIT AND AMB. SINGH AT INDIAN EMBASSY MAY 16, WILL CALL ECONOMIC COUNSELOR AFTER ARRIVAL IN NEW DELHI. WESTINGHOUSE'S INDIAN AGENT, HARISH BHARGAVA OF ESCORTS LTD. CAN PROVIDE FURTHER DETAIL.

6. AFTER VERIFYING THAT WESTINGHOUSE IS NOW ONLY U.S. BIDDER, REQUEST EMBASSY TO REVIEW SITUATION WITH GOI AT HIGHEST APPROPRIATE LEVEL, INDICATING OUR INTEREST IN THE SUCCESS OF THIS AMERICAN COMPANY'S BID. CHRISTOPHER LIMITED OFFICIAL USE

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